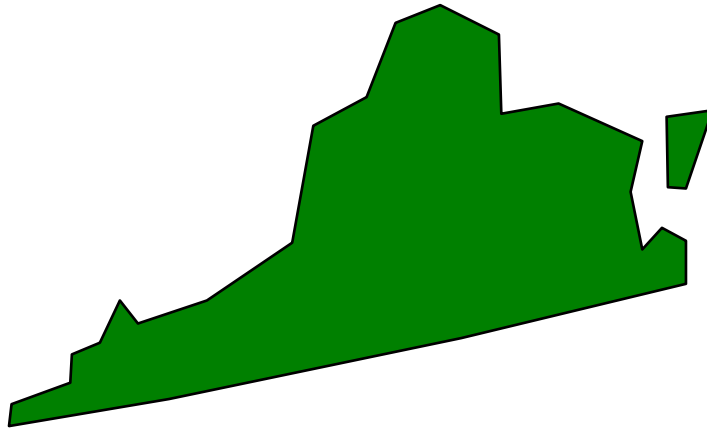


**Guide  
to the  
Revenue Sharing Program  
of the  
Virginia Department of Transportation**



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VIRGINIA DEPARTMENT OF TRANSPORTATION  
LOCAL ASSISTANCE DIVISION  
MEMORANDUM

GUIDE TO THE  
REVENUE SHARING PROGRAM

(Chapter 280)

This revised document provides a comprehensive summary of the Revenue Sharing Program as established by the Code of Virginia and as governed by the policies of the Commonwealth Transportation Board. It is intended to serve as a reference for local jurisdictions and VDOT staff in preparation and disposition of applications for program funding.

This document defines eligible projects, summarizes funding limitations, and describes the roles of the parties involved in the application and approval process.

All previous instructions regarding administrative procedures for Revenue Sharing projects are hereby superseded.

# **GUIDE TO THE REVENUE SHARING PROGRAM**

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# **GUIDE TO THE REVENUE SHARING PROGRAM**

## **I. PURPOSE (24 VAC 30-280-10)**

The “Revenue Sharing Program” provides additional funding for the maintenance or improvement of the primary and secondary highway systems and eligible additions in the counties of the Commonwealth, including the former Nansemond County portion of the City of Suffolk.

The program is administered by the Department of Transportation, in cooperation with the participating localities, under the authority of Section 33.1-75.1 of the Code of Virginia. An annual allocation of funds for this program is designated by the Commonwealth Transportation Board, with statutory limitations on the amount authorized per locality.

Application for program funding must be made by resolution of the governing body of the jurisdiction in which the road is located. Project funding is allocated by resolution of the Commonwealth Transportation Board. Construction may be accomplished by the Department of Transportation or, where appropriate, by the locality under an agreement with the Department.

## **II. DEFINITIONS (24 VAC 30-280-20)**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

**A. Budget Item Number**, means a multi-digit code that identifies work to be completed; it is used for minor activities that are usually done in one year. (See term “incidental improvements”). The usual format for a budget item number is rrrr-ccc-RS,yy, where rrrr is the four-digit route code, ccc is the three digit locality code, and yy represents the last two digits of the fiscal year in which an allocation to the improvement is made.

**B. Construction Improvements**, means operations which usually require more than one fiscal year to complete, and which change or add to the characteristics of a road, facility, or structure.

**C. “...County Primary and Secondary Road Fund”**, means the designation given to the fund used to finance the specially funded program developed by the county government and the Department of Transportation subject to approval by the Commonwealth Transportation Board. This is more commonly referred to as the Revenue Sharing Program.

**D. Incidental Improvements**, means any operation, usually constructed within one year, which changes the type, width, length, location, or gradient of a road, facility, or

structure; or the addition of features not originally provided for such road, facility, or structure.

**E. Maintenance**, means activities involved in preserving or restoring the roadway, facility, or structure to its original condition, as nearly as possible.

**F. Matching Funds**, means funds provided by the Commonwealth which are allocated to eligible items of work in participating counties and the City of Suffolk to supplement, on a dollar-for-dollar basis, the locality's contribution for eligible projects.

**G. New Hardsurfacing (Paving)**, means the first-time paving of a previously unpaved roadway; usually composed of a multiple course asphalt surface treatment. In order for a road to be eligible for paving, it must meet the minimum traffic volume criteria of 50 vehicles per day (VPD).

**H. New Roadway**, means the establishment of a new facility to be part of the primary or secondary system of state highways. In order for a new roadway to be eligible for Revenue Sharing funding, it must be a part of a locally adopted plan such as the County Comprehensive Plan or must be expected to divert sufficient traffic from existing public roads so that those roads will not need to be improved in the foreseeable future.

**I. Plant Mix**, means an asphalt-based compound used in highway construction and maintenance. For a road to be eligible for plant mix, it should:

- \* have an Average Daily Traffic (ADT) of 500 or greater;
- \* be a major secondary and serve as a major transportation facility in the locality; and
- \* be classified as "tolerable" in accordance with established standards for such determination.

**J. Project (Eligible)**, means work including construction, improvement, maintenance, and additions costs.

**K. Project Number**, means a multi-digit alphanumeric code which identifies work to be completed; it is used in conjunction with construction. The usual format for a project number is rrrr-ccc-sss, Jnnn, where rrrr is the four-digit route code, ccc is the three-digit locality code, sss is a three-digit section code, J is the phase identifier, and nnn is the job number.

**L. Six-Year Plan**, means either the Secondary Six-Year Plan, the official listing of improvements to be constructed, which is developed jointly by the Virginia Department of Transportation (VDOT) and the county governments (Section 33.1-70.01, of the Code of Virginia); or the Six Year Program, formerly known as the Six Year Improvement Program for Interstate, Primary, Urban, and Secondary Highway Systems, developed by VDOT and the Commonwealth Transportation Board.

### III. ELIGIBLE WORK (24 VAC 30-280-30)

The Revenue Sharing Program may be used to finance eligible work on a county's primary or secondary system. Below is a list of work that could be considered eligible for Revenue Sharing financing, and examples of each.

#### A. Deficits on Completed Construction or Improvements.

When the appropriate Resident Engineer or local Preliminary Engineering Manager has a completed project with a deficit, the county may request that the deficit be financed by the Revenue Sharing Program provided the county is willing to contribute one half of the deficit as its portion.

Example:	Actual Cost	=	\$120,000
	Available project funding	=	<u>\$100,000</u>
	Actual Deficit	=	\$ 20,000
	County participation	=	\$ 10,000
	State match	=	<u>\$ 10,000</u>
	Revenue Sharing Funding	=	\$ 20,000

#### B. Supplemental Funding for Ongoing Construction or Improvements

When the appropriate Resident Engineer or local Preliminary Engineering Manager anticipates the cost to complete a project will exceed the financing currently committed to this work, the county may request that the anticipated deficit be financed by the Revenue Sharing Program provided the county is willing to contribute one half of the anticipated deficit as its portion.

Example:	Available project funding	=	\$100,000
	Estimated cost	=	<u>\$150,000</u>
	Estimated Deficit	=	\$ 50,000
	County participation	=	\$ 25,000
	State match	=	<u>\$ 25,000</u>
	Revenue Sharing Funding	=	\$ 50,000

### **C. Supplemental Funding for Future Construction or Improvements Listed in the Adopted Six-Year Plan**

When the appropriate Resident Engineer or local Preliminary Engineering Manager anticipates allocations (in addition to those proposed in the adopted Six-Year Plan) will be required to completely finance a project, the county may request permission to provide one half of such additional financing with the remaining one half provided by state matching funds. This includes, but is not limited to, such things as signalization, additional preliminary engineering, or acquisition of additional right-of-way. This procedure may be utilized to accelerate the funding of a project and thereby permits its completion earlier than otherwise would have been possible.

### **D. Construction or Improvements not included in the Adopted Six-Year Plan.**

When the appropriate Resident Engineer or local Preliminary Engineering Manager believes that the work may be eligible for program funding, the county may request one half the funds to construct a project not currently in the Six-Year Plan. However, in such cases, the county funds, together with the state matching funds, should finance the entire estimated cost of the project within the fiscal year involved.

The Revenue Sharing Program was initially intended to provide funding for relatively small, immediately needed improvements. Over time, use of the funding from the program has grown to include larger improvements that require funding over several years. When the Department is administering a project, no improvement receiving funding over several years and not included in the Six-Year Plan should be advertised until the final expected year of funding because of the discretionary nature of county participation in the program.

### **E. Improvements Necessary for the Acceptance of Specific Subdivision Streets Otherwise Eligible for Acceptance into the System for Maintenance.**

The improvements (widening, surface treating, etc.) necessary for the acceptance of certain subdivision streets otherwise eligible under Section 33.1-72.1, Code of Virginia, for acceptance into the secondary system of state highways may be funded by the Revenue Sharing Program.

### **F. Unprogrammed Maintenance Whose Accomplishment is Consistent with the Department's Operating Policies.**

Examples of this type of work include normal maintenance replacement activities such as guardrail replacement, plant mix overlays, sidewalks and curb & gutter repair.

#### **IV. APPLICATION PROCESS (24 VAC 30-280-40)**

Application for Revenue Sharing funding may be made only by the governing body of the county or the City of Suffolk in which the road is located. The following process describes the steps which occur in determining the funding available for each participating locality to finance eligible projects.

1. VDOT's director of local assistance sends a letter inviting all county governments to participate in the Revenue Sharing Program for the coming fiscal year.
2. The County Government determines its intent to participate in the program, and the amount of county funds to be provided. The County Government and appropriate Resident Engineer or local Primary Engineering Manager jointly prepare a prioritized plan to recommend assignment of requested funds to eligible projects. This prioritized plan should:
  - \* list what is to be included for each project (example: length of road, width of road, estimated cost, etc.);
  - \* identify who will administer each phase of each project (see Subsection 33.1-75.1[B] of the Code of Virginia, regarding when a project may be administered by a county).

While there is no limit on the amount of funds the county may contribute, the amount of funds eligible for State matching funds may not exceed the statutory limitation.

3. The appropriate Resident Engineer or local Preliminary Engineering Manager submits the detailed prioritized plan developed in Step 2 of the process with recommendations to the Local Assistance Division, with a copy to the appropriate District Administrator.

This prioritized plan must be received by the date specified in the invitation letter.

4. VDOT's Local Assistance Division reviews the submitted prioritized plans and notifies the appropriate Resident Engineer or local Preliminary Engineering Manager of the amount of state matching funds available for use in their counties, subject to the approval of the Commonwealth Transportation Board. If the total requests exceed the amount available according to statute, each participating county will receive State matching funds on a pro rata basis, and the prioritized plan will be adjusted accordingly.



## **V. APPROVAL PROCESS (24 VAC 30-280-50)**

The following process describes the steps that occur in securing approval of the Statewide Revenue Sharing Program from the Commonwealth Transportation Board.

1. VDOT's Local Assistance Division reviews the individual plans, and if found to be acceptable, develops the Statewide Plan and recommends it be submitted to the Commonwealth Transportation Board for approval. The Local Assistance will review with other divisions as necessary and appropriate.
2. The Commonwealth Transportation Board approves the Statewide Program, including allocations to specific projects in each county's plan. Upon approval of the Plan, it constitutes the "...county primary and secondary road fund." Any modification of the approved program must be agreed upon by the county government and VDOT and approved by the Commonwealth Transportation Board.

## **VI. IMPLEMENTATION PROCESS (24 VAC 30-280-60)**

### **A. VDOT Administered Work**

The following process describes the steps which occur in the implementation of the Revenue Sharing Program, beginning with the approval by the Commonwealth Transportation Board and ending with the payment by the county and subsequent state match.

1. VDOT's Local Assistance Division authorizes the Fiscal Division to reserve the State Matching funds for the approved specific projects. These monies are placed in a special VDOT account for this purpose.
2. If applicable, the Local Assistance Division prepares county/state agreements that governs performance of work administered by VDOT. The agreement must be executed prior to incurring any cost to be financed from the Revenue Sharing Program.
3. Either the Fiscal Division bills the county or the appropriate Resident Engineer or local Preliminary Engineering Manager requests payment from the county for its share of the estimated cost of work to be performed; the money is collected prior to the beginning of work in accordance with the current billing procedures.
4. After the project is completed, the Fiscal Division makes final billing to the county for its share of the actual costs incurred, in excess of those provided in Step 3. If the county's share of the actual cost is less than the estimated cost, the

difference may, if desired by the county, be refunded to the county or reassigned to another Revenue Sharing project.

If a County Government wishes to cancel a project begun under the Revenue Sharing Program during the Preliminary Engineering (PE) or Right of Way (RW) phases but prior to the Construction phase, it may do so by Board of Supervisors' resolution. The Department retains the sole option to require reimbursement by the county of all State matching funds spent from the time the project was begun until it is canceled.

If construction does not begin before the end of the fiscal year involved, the county must pay the Department its share, or certify that the money is held in a special fund account specifically earmarked for the project or projects. This must occur by June 30 of the fiscal year or it may result in loss of state matching funds.

## **B. County Administered Work**

The following process describes the steps which occur in the implementation of the Revenue Sharing Program, beginning with the approval by the Commonwealth Transportation Board and ending with the payment by the county and subsequent state match.

1. VDOT's Local Assistance Division authorizes the Fiscal Division to reserve the State Matching funds for the approved specific projects. This money is placed in a special VDOT account for this purpose.
2. The Local Assistance Division prepares county/state agreements that govern the performance of work administered by the county. The agreement must be executed prior to incurring any cost to be financed from the Revenue Sharing Program.
3. After all work is completed the County makes a final billing to VDOT for its share of the actual eligible costs incurred. If the actual cost is less than that provided by the agreement, the difference may be reassigned to another Revenue Sharing project in the county, or, if the county desires, refunded to the VDOT Revenue Sharing account.

If a County Government wishes to cancel a project begun under the Revenue Sharing Program before it is completed, it may do so by Board of Supervisors' resolution. The Department retains the sole option to require reimbursement by the county of all State matching funds spent from the time the project was begun until it is canceled.

## **VII. ADDITIONAL ALLOCATIONS (24 VAC 30-280-70)**

One month prior to the end of any fiscal year in which less than the total provided appropriation has been allocated from state funds under Section 33.1-75.1 [D] of the Code of Virginia, those counties requesting \$500,000 may be allowed an additional allocation. The difference between the amount allocated and the amount appropriated shall be allocated at the discretion of the Commonwealth Transportation Board among the counties receiving the maximum allocation.

## VIII. SECTION 33.1-75.1 OF THE CODE OF VIRGINIA

### *Special funds for systems in certain counties*

A. From, and as a first priority of, annual allocations of state funds for the maintenance, improvement, construction, or reconstruction of the systems of state highways, the Commonwealth Transportation Board shall make an equivalent matching allocation to any county for designations by the governing body of up to twenty-five percent or \$500,000, whichever is greater, of funds received by it during the current fiscal year pursuant to the State and Local Fiscal Assistance Act of 1972, hereinafter referred to as "revenue sharing funds," for use by the Commonwealth Transportation Board to construct, maintain or improve the primary and secondary highway systems within such county. Such funds appropriated by the Commonwealth Transportation Board and such federal revenue sharing funds shall be placed in special fund accounts of the Board and county, respectively, both to be known as the "..... County primary and secondary road fund," and shall be used solely for the purposes of either (i) maintaining, improving or constructing the primary and secondary highway systems within such county, or (ii) bringing subdivision streets, used as such prior to July 1, 1990, up to standards sufficient to qualify them for inclusion in the state primary and secondary system of highways. The governing body may place an equivalent amount from county general funds in such fund in lieu of such federal revenue sharing funds. After due consultation and exchange of recommendations with the Board, the governing body of such county shall determine what portion of such funds shall be used for construction, and what portion for maintenance or improvement, of primary and secondary roads in such county. That portion so designated by the governing body for construction shall be allocated to specific projects by the Board; that portion designated by the governing body for maintenance or improvement shall be allocated to specific roads by the governing body. The county shall pay over to the Board that amount of its special fund account needed for a project upon notice by the Board of its intent to proceed with the project. Projects identified by the board of supervisors for construction with revenue sharing funds need not be included in the county's six-year plan.

B. Upon indication by the resident engineer of a county that a project or projects funded pursuant to subsection A of this section cannot be implemented by the Department of Transportation within the fiscal year for which such revenue sharing funds have been allocated, the Department may contract with the county for the implementation of the project or projects by the county. Such contract may cover either a single project or may provide for the county's implementation of several projects during the fiscal year. Upon approval by the Department, the county may expend from its special fund created under subsection A of this section funds to undertake the implementation of a particular project or projects. The county will undertake implementation of the particular project or projects by obtaining the necessary permits from the Department of Transportation in order to ensure that the improvement is consistent with the Department's standards for such improvements.

C. Total state funds allocated statewide under this section shall not exceed \$10 million in any one fiscal year.

D. Notwithstanding the limitations specified in subsection A of this section, one month prior to the end of any fiscal year in which less than \$10 million has been allocated from state funds under this section, those counties requesting more than \$500,000 may be allowed an additional allocation. The difference between the amount first allocated and \$10 million shall be allocated at the discretion of the Commonwealth Transportation Board among the counties receiving the maximum allocation under subsection A of this section.

(1974, c. 543; 1976, c. 208; 1977, c. 221; 1979, cc. 88, 89; 1980, c. 405; 1983, c. 343; 1984, c. 467; 1985, c. 574; 1987, c. 440; 1988, cc. 31, 84, 562; 1990, c. 561; 1991, c. 250; 1993, c. 71; 1995, c. 416; 1998, cc. 330, 340; 2001, c. 95.)